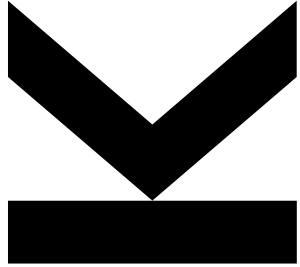


JKU

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PROGRESSIVE PROTECTIONISM

AN OXYMORON OR A VIABLE
DEVELOPMENT STRATEGY FOR
EUROPE?



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INTRODUCTION

- Advocates of free trade and protectionism are in a constant struggle at least since the industrial revolution
- With the crisis of 2008 and the subsequent rise of the right, calls for protectionism have been raised by different actors
- European left has struggled to find a coherent position that defies free trade, but does not fall into the ‚nationalist trap‘
- What kind of progressive strategy could we adopt to transform and partially reverse globalised production structures in order to establish a more solidary mode of living?
- Which role need to play protectionist measures to successfully implement such a strategy?
- We do not think that protectionist measures in the global North are necessarily reactionary; rather, it depends on their objectives (re-embedding of economic circuits + internationalist orientation)

WHAT IS PROTECTIONISM – A CONCISE DEFINITION

■ Two big currents of trade policy

- foster trade liberalisation through the reduction of trade barriers
- Reduce/regulate trade flows through the application of protectionist measures

■ What are trade barriers?

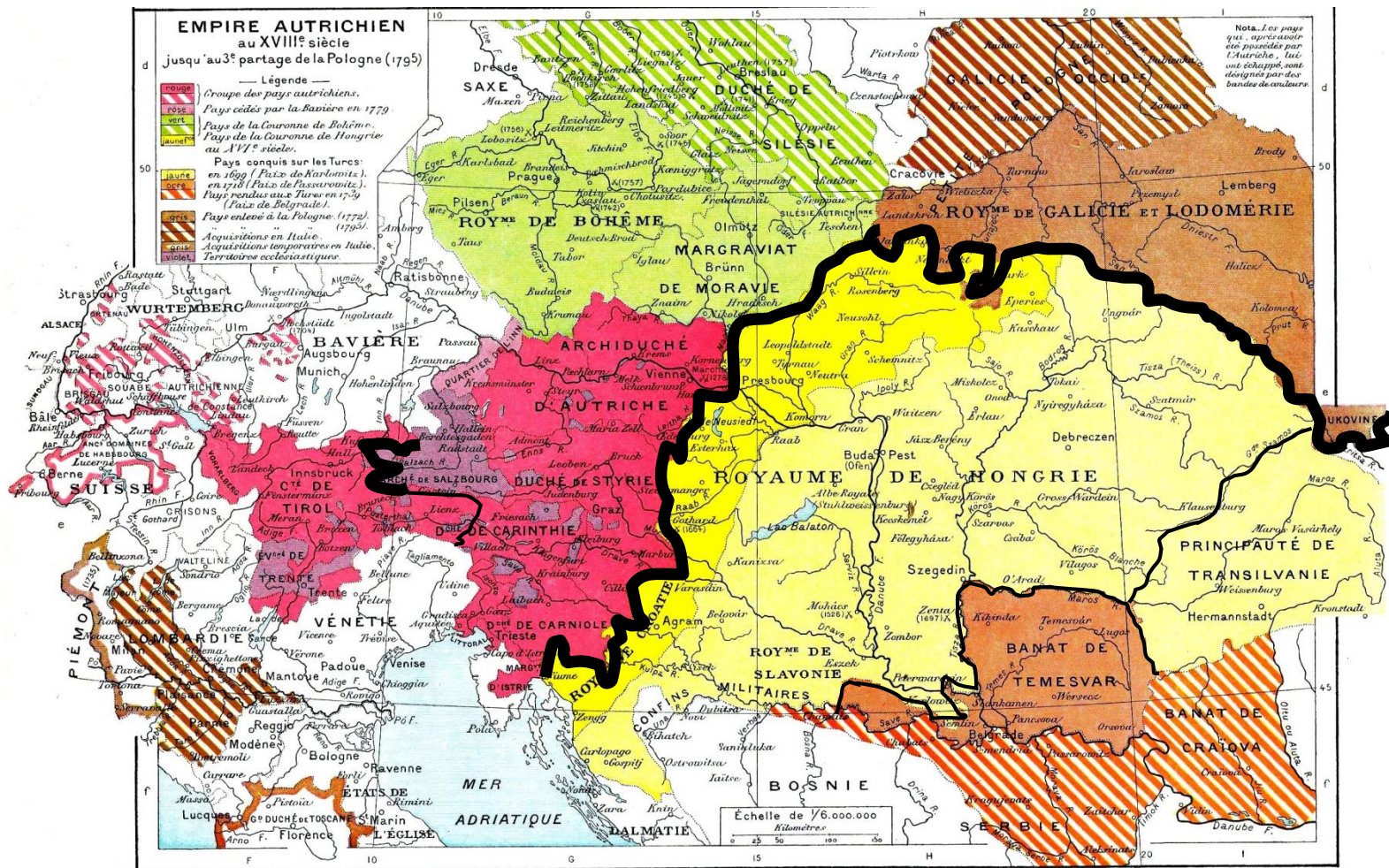
- tariff-related: duties on specific products, export subventions
- non-tariff related: technical standards and norms, (voluntary) export restrictions, import quotas, public procurement regulations including environmental and/or social standards and local content clauses

■ Different sets of interventionist measures to restrict free trade

A SHORT HISTORY OF PROTECTIONISM I: PRACTICAL ECONOMIC POLICIES

- Short history of protectionism, but long tradition of tariff-related protection
- up to the 18th century numerous internal custom duties in various European states (exceptions England and Netherlands)
 - noble manors
 - ecclesiastical manors
 - royal cities
 - Princes („state“)
 - provinces with own political competencies (estate diets)
- since the 18th century states' interests met with large entrepreneurs to expand towards a trans-regional division of labour (drivers fiscal-military state and administrative centralization) → Spain 1706-21; Habsburg Monarchy 1775/84-1850; Prussia 1818; 1834 German Customs Union
- Internal legal homogenization → removal of internal non-tariff related trade barriers

CUSTOMS REFORM IN THE HABSBURG MONARCHY (1775/84)



La vieille Allemagne, à l'ouest de l'Elbe, est si affaiblie à la fin du Moyen âge par le morcellement des anciens duchés, qu'elle perd toute force d'action. L'influence politique passe aux deux anciennes marches établies jadis en pays ennemi, l'Autriche et la Prusse.

L'Autriche a pour noyau: les États héréditaires où le duc souverain a pris le titre d'archiduc

d'Autriche (1358). En 1526, les Habsbourg y joignent les deux couronnes à demi électives de Bohême (Bohême, Moravie, Silésie) et de Hongrie; mais ils n'entrent en possession de la Hongrie qu'après avoir chassé les Turcs (1699). La formation s'achève par la conquête du Banat (1718) et les acquisitions en Pologne (1772-1795).

La formation de la Prusse est beaucoup plus tardive. Le noyau est l'électorat de Brandebourg, acquis par les Hohenzollern (1417). Ils y joignent le duché de Prusse (1618), la moitié de la succession de Clèves-Juliers (1614), la Poméranie cétérienne et trois évêchés sécularisés (1648).

La Prusse, érigée en royaume en 1700, s'arrondit à l'Est (Poméranie 1721, Silésie 1742,

partages de la Pologne 1772, 1793, 1795). Au XIX^e siècle, la Prusse, un moment (1807-1814) rejetée à l'est de l'Elbe, recouvre, outre la Posnanie, ses possessions de l'Ouest agrandies de façon à former trois provinces, Westphalie, Rhin, Saxe. La contiguïté entre les deux groupes de l'Est et de l'Ouest est établie par les annexions de 1866.

CONJUNCTURES OF LIBERALISATION AND PROTECTIONISM AS RESPONSES TO TRANS-REGIONAL COMPETITION

- Expanded trans-regional connections led to parallel counter-movement of protectionist measures since the late 18th century (Habsburg Monarchy 1784/88) as part of a catch-up development
 - Earlier traditions (England 15th century, colonial maritime Empires such as Spain, Portugal and England since the 16th/17th centuries – „mercantilism“)
 - Expansion since the early 18th century (Great Britain 1721, Spain 1728)
 - Liberalisation of trade policies between the 1840s and the 1870s in European countries under British hegemony (free-trade treaties and tariff reductions)
 - Return to higher tariffs after World Economic Crisis of 1873 → both core and peripheral states in Europe (Germany, Austro-Hungary, Spain, Russia Romania, Serbia), sometimes geopolitical conflict; but overall limited impact; only after World Economic Crisis and Great Depression after 1929 deglobalisation
- Protectionist measures, mainly tariff-related, served to developmental aims, scepticism of left-wing actors (Social Democracy) & no tool as part of a progressive strategy to tackle social, spatial and ecological unequalities

A SHORT HISTORY OF PROTECTIONISM II: THEORETICAL DEBATES

- **Adam Smith** – absolute cost advantage
- **David Ricardo** – comparative cost advantage
- **Eli Heckscher & Bertil Ohlin** – specialisation on the abundant factor
- **David Hamilton, Friedrich List** – infant industry protection for catch-up development
- **Marx & Engels** – dispute over free trade and protectionism: conflict between different fractions of capital; however, wage differentials between different countries can be exploited
- **Erik Reinert** – rising and declining returns of industry and agriculture (“specialize on poverty”) → imperfect rather than perfect competition as guideline for trade policy
- Link between **Protectionism & Economic Nationalism** disputed
→ Economic nationalism promotes national economic interests, which in some cases liberalisation serves better (Helleiner/Pickel 2005); difference between **liberal and ethnic economic nationalism** in Eastern Europe (David 2009)

Free Trade

Protectionism

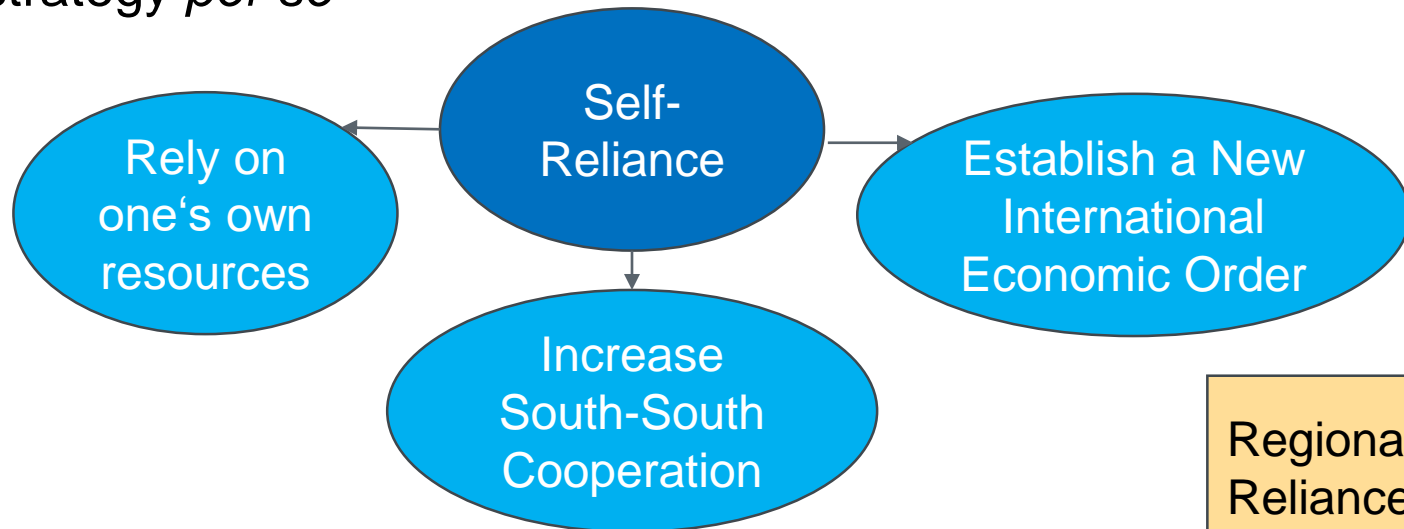
THE COMEBACK OF PROTECTIONISM

- **Rise of the right:** nationalist leaders in the USA and several European countries started to attack free trade (US-Chinese trade war), but mostly remained on a rhetoric level
- **European extreme right:** only the national conservative current in Europe opposes free trade (Hungary, to some extent Poland); parties in the core countries of the EU defend „free trade nationalism“ (Becker 2019)
- **European conservative centre-right parties:**
 - Emmanuel Macron proposed „smart protectionism“, directed against China;
 - Recent German and Franco-German industrial policy documents defy protectionism, but defend European ‚anti-dumping‘ duties against China

→ (1) Aim at increasing the country‘ or Europe‘ s position in the international division of labour, (2) backward-oriented, (3) no consideration of class, (4) ignore uneven development in Europe

SELF-RELIANCE

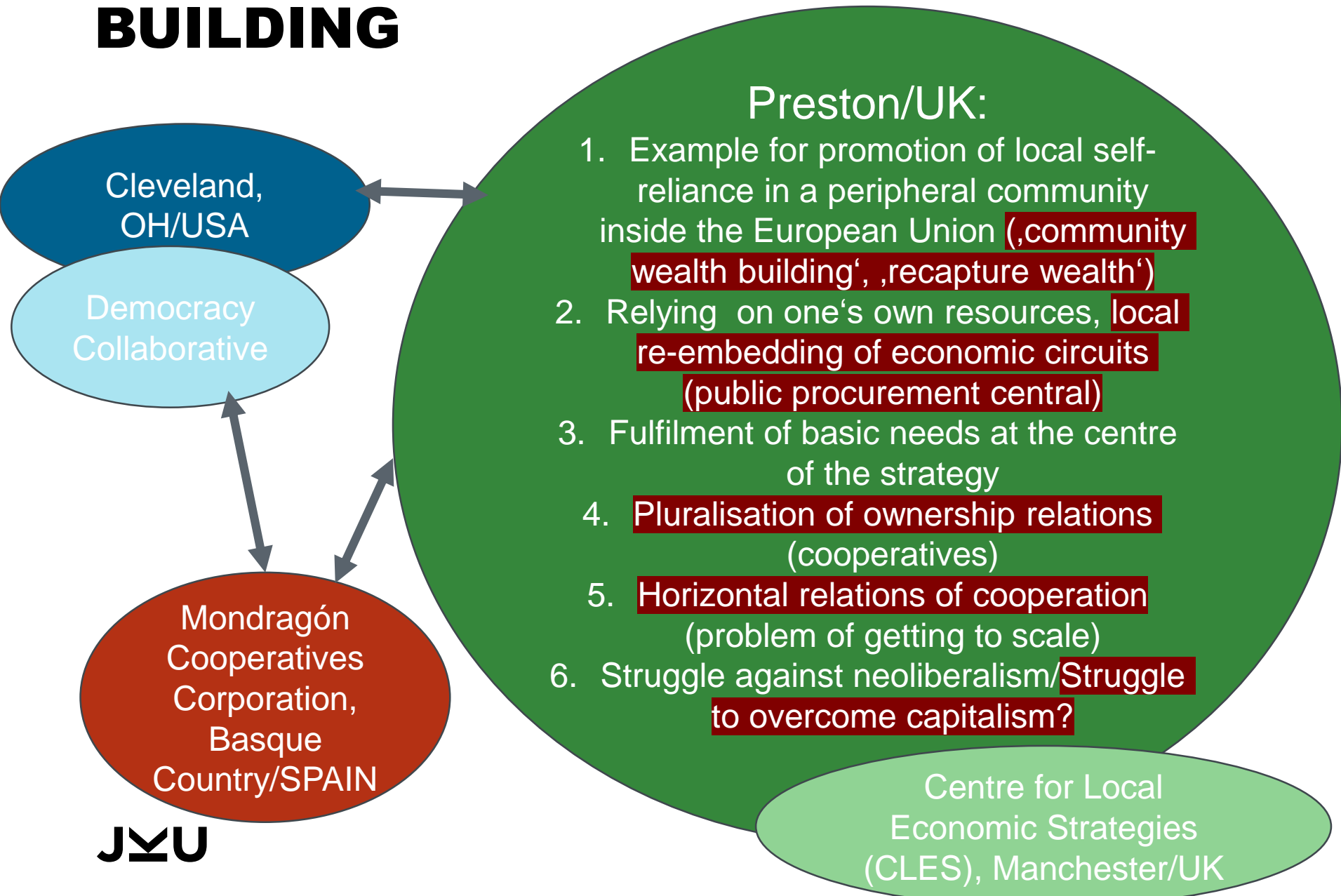
- Alternative approach: defensive protectionist measures as means to bolster a progressive, self-reliant development strategy, but not a strategy *per se*



- Principle of Economic Subsidiarity by Johan Galtung: produce at the lowest level possible, local self-reliance as bottom-up strategy („mass action“, Galtung 1985: 8)
- Revival with alter-/counterglobalisation movement (e.g. „Deglobalisation“, Bello 2009)



CASE STUDY: COMMUNITY WEALTH BUILDING



A VIABLE STRATEGY FOR TODAY'S EUROPE

- Progressive protectionism is no oxymoron when it is defensive, that is, not at the expense of others
- Defensive protectionist and regulative measures will be necessary to implement a progressive development strategy that is based on self-reliance/selective delinking, fostering the decommodification of social services related to basic needs, allowing for partial reindustrialisation and resting on society-based internationalism
- Central question: In which areas selective delinking is a viable way to promote productive reconstruction and to overcome dependency relations (inside Europe and towards other regions?)
- Preston is a good case for studying the opportunities and limits of a community-based (local) development strategy. Despite several achievements, the community level sets clear limits for 'community wealth building' → Prospects partially depend on whether they accomplish 'going to scale'